

ACTION BY: State Educational Agencies

INFORMATION FOR: Regional Offices

Cost Principles for the Nutrition
Education and Training Program

I PURPOSE

This Instruction establishes principles and standards for determining and classifying costs applicable to the NET Program.

II POLICY

Our policy is based on 7 CFR 3015, Uniform Federal Assistance Regulations, and OMB Circulars A-87, Revised, and A-21, Revised. These documents provide principles for determining the allowable costs of programs administered by State and local governments under grants, cooperative agreements, and contracts with the Federal Government. OMB Circulars A-87, Revised, and A-21, Revised, provide basic guidelines on allowable costs to Federal grants. The Circulars define and explain direct and indirect costs, and they provide pertinent information on determining indirect costs through cost allocation plans and indirect cost rates.

The requirements of OMB Circular A-87, Revised, are applicable to States which administer the NET Program and local government subgrantees that contract with States to provide nutrition education and training activities funded by the NET Program. OMB Circular A-21, Revised, is applicable to publicly financed educational institutions involved in the NET Program.

III ABBREVIATIONS

CFR - Code of Federal Regulations
FNS - Food and Nutrition Service
NET - Nutrition Education and Training
OMB - Office of Management and Budget

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IV BACKGROUND

The NET Program is authorized by Section 19 of the Child Nutrition Act of 1966, as amended. While the NET Program is authorized by legislation covering other Child Nutrition Programs that provides a structure for local level implementation, few additional similarities exist.

The purpose of the NET Program is to provide funds for specific types of educational benefits related to human nutrition. Other Child Nutrition Programs provide funds for more tangible benefits such as meals, milk, or commodity foods. Unlike other Child Nutrition Programs, the NET Program funds are made available to States, in a total fixed grant, based on Department of Education certified enrollment data rather than on a reimbursement basis. The NET Program is for children, teachers and food service personnel. Other Child Nutrition Programs do not generally provide benefits to adults. These differences should be kept in mind when dealing with all aspects of the NET Program, particularly financial management.

V COST PRINCIPLES

The provisions of FNS Instruction 455-6, Indirect Costs Applicable to Grants with State Governments, outline the Agency's position on direct and indirect costs. OMB Circulars A-87, Revised, and A-21, Revised, define allowable costs, costs allowable with FNS approval, and unallowable costs.

VI PROGRAM AND ADMINISTRATIVE COSTS

A Program Costs. Some of the allowable program costs most frequently incurred in connection with the NET Program are as follows:

1 Capital expenditures such as desks, chairs, tables, and typewriters for specific use in the program, if the acquisition is less than \$500 per unit. Equipment for training or other program purposes, such as a computer used for nutrition education instruction for teachers or students, is considered a program cost. FNS approval is required for each expenditure of this type. above \$500 in cost.

2 Contracting, including contractual agreements with land grant colleges, other institutions of higher education, public and nonprofit educational or research agencies, and institutions or organizations for conducting nutrition education and training activities or pilot projects.

3 Materials development, including the cost of developing pamphlets, posters, and training packages for the NET Program.

4 Media costs, including use of newspapers, magazines, radio and television programs for the purpose of recruiting personnel for the grant program, sol/c/ring bids for procuring services, and other purposes as specified in the State Plan.

5 Meetings and conference fees when the primary purpose of the meeting is the dissemination of technical information relating to operation of the NET Program. Allowance of these costs must be consistent with regular practices of the State or local agency.

6 Membership fees in civic, business, technical and professional organizations. These costs are allowable when within the provisions listed in OMB Circular A-87, Revised. However, funds cannot be used to lobby or purchase membership in any organization that lobbies.

7 Needs assessment and planning funds application process and conducting needs assessments.

8 Nutrition education and training activities conducted in schools and institutions, and in-service instruction or training of teachers and food service personnel.

9 Printing and reproduction of forms, reports, manuals, and informational literature necessary for the NET Program.

10 Reference materials including subscriptions to periodicals, and purchase of books covering subjects related to the NET Program.

11 Salary of the State NET Coordinator and related support personnel costs, including fringe benefits and travel expenses. Salary, per diem, and travel for professional services rendered by individuals or organizations that are not part of the State education or alternate agency.

12 Shipping and travel related to exhibits at State and local meetings for the purpose of informing the public about the NET Program.

13 State Plan development and implementation, including related support services. Development, preparation, and presentation of the budget in the State Plan is in this category. However, tasks performed in relation to expenditure of funds which occur in the course of program operations are considered financial management, which is under the administrative costs category.

14 Supplies necessary to implement the NET Program including such items as paper, pencils, and pens.

15 Training and education costs which are customarily provided as in-service training for employee development, which directly or indirectly benefit the NET Program.

16 Travel and per diem expenses for program functions such as technical assistance and training or those of advisory councils or committees established by a State to assist in carrying out the NET Program. Visits to State agencies by the State NET Coordinator are infrequent and thus encompass

technical assistance and consultation about program operations in addition to program monitoring. Thus, these multipurpose trips may be considered a program cost. A mileage allowance of not more than the State agency's prevailing rate may be charged to the NET Program, provided proper trip records are kept for documentation of mileage. Documented parking fees may be charged separately.

These records must be signed by authorized personnel and reviewed to ensure costs are reasonable.

B Administrative Costs. Administrative costs are those direct and indirect costs incurred by a State agency for overall administrative and supervisory purposes. These costs refer to actual expenditures and exclude depreciation, in-kind payments, and other nonexpenditure costs.

A State may use up to 15 percent of the total NET Program grant for up to 50 percent of its cash expenditures for administrative costs. Refer to NET Program Regulations, 7 CFR 227.5(c).

The Federal funds charged for administrative costs must be matched by a State cash expenditure. Refer to FNS Instruction 796-6, Nutrition Education and Training Program Matching Requirement.

Costs incurred in the following categories are considered administrative costs:

- 1 Accounting, including the cost of establishing and maintaining a financial management system for the NET Program.
- 2 Audit services for the administrative and financial management functions related to the NET Program.
- 3 Building lease management costs, including review of lease proposals and maintenance of a list of available property.
- 4 Capital expenditures for specific use in the NET Program with an acquisition cost over \$500 per unit, and a useful life of more than year.
- 5 Central stores operation for supplies, equipment, and materials used directly for the NET Program.
- 6 Disbursement of grant program funds by the designated officer. Disbursing services cover processing of checks, from preparation to redemption, and keeping records of accountability^o
- 7 Maintenance and operation costs including utilities, insurance, security, janitorial services, normal repairs, and other like costs, to the extent that they are not included in other charges.

8 Payroll preparation costs and maintenance of wage records.

9 Personnel management, including supervision of the State
NET Coordinator.

10 Recordkeeping and reporting, and data processing. However,
when the data processing is for such purposes as analysis of data from a
needs assessment, it will be considered a program cost.

VII ADDITIONAL INFORMATION

Further information and clarification may be obtained from the Nutrition and
Technical Services Division or the Office of the Deputy Administrator for
Financial Management.



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